

after the date taxes are assessed. A levy, or garnishment, can reduce already low wages, leaving an individual with insufficient income both for their daily necessities as well as for future owed taxes.

The cycle continues, when the taxpayer falls further behind on paying their taxes and the taxpayer sinks deeper and deeper into debt owed to the State that they can't pay.

When the balance is not paid, the state moves to put a flag or hold on the individual's driver's license, vehicle registration or professional license. In order to lift the hold, the taxpayer must pay at least 10% of the amount due, and enter into an installment agreement, which is often unsustainable. However, taxpayers agree to these plans, as they are desperate to get their license back to return to work. The taxpayer then defaults on their installment agreement, and their license may be flagged again – with the down payment now 20% for the hold to be lifted. Again, the taxpayer enters into an unsustainable installment agreement, promising anything just to be able to get their license back. This process leaves no path for a taxpayer to resolve the debt, and has a tremendous cost to Maryland's economy, when eligible employees can't obtain or sustain employment because of license suspensions.

Having legal representation to guide taxpayers is essential to resolving their tax issues. Resolutions such as hardship liability waivers, offers-in-compromise (OIC) and sustainable, affordable installment agreements are difficult to achieve on one's own. Most taxpayers do not even know that these options exist, much less know how to apply for them. Enabling an individual to resolve their tax debt gives them a path forward to sustainable employment and becoming a compliant taxpayer.

If passed, SB0312 would allow low-income taxpayers with Maryland tax issues to continue to seek and receive this much needed assistance. Here are two examples of taxpayers who would not have been able to resolve their tax problems on their own.

1. Kevin had a long history of drug and alcohol abuse. Having graduated from a residential rehab program, Kevin was ready to move forward with his life with school and a new job. However, Kevin owed an outstanding tax balance to Maryland and there was a hold on his license, preventing him from obtaining his Commercial Driver's License (CDL). A MVLS volunteer helped Kevin obtain a Hardship Liability Waiver, allowing him to obtain his CDL. Kevin is now a licensed CDL driver, and is moving towards a sustainable payment plan with the State.
2. Cecilia and Bob were married for over 15 years when she discovered that he had accrued a large tax debt, partly from his business, and had involved her without her knowledge. Cecilia filed for bankruptcy and was released from the federal tax lien of \$126,643. However, her Maryland tax debt of \$16,139 was not discharged. A MVLS volunteer stepped in to assist Cecilia, by filing an appeal with Maryland to rescind the 2012 assessment, with over-payments of \$4,713.75 credited to Cecilia's account. The volunteer then worked with Cecilia to do an OIC to settle the rest of her liabilities.

MVLS has been fighting to even the playing field for low income Marylanders for decades, and we know that these members of our community face significant financial obstacles when trying to put their lives back on track. The need for representation is pressing, but legislation like SB0312 would ensure that MVLS can continue to provide that representation to Marylanders year after year.

Chairman Guzzone and members of the Committee, thank you again for the opportunity to testify.